

## Spanish Oaks development posted for foreclosure

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In another high-profile foreclosure, Comerica Bank late Tuesday posted Spanish Oaks, a 911-acre luxury residential and golf course project in Bee Cave, for the Aug. 3 foreclosure auction.

Real estate observers say the project, south of Texas 71 and Bee Cave Road, is indicative of the troubled high-end market, which could have a ways to go before it turns a corner.

Spanish Oaks' owners had been in talks for some time with Comerica to modify the terms of a \$32 million loan to avoid foreclosure. The original loan was for \$34.4 million, according to the foreclosure filing. The loan negotiations involved the golf course, unsold lots and undeveloped land.

Spanish Oaks is owned by a partnership of Ross Perot Jr.'s Hillwood Development Co., which owns 65 percent; Discovery Land Co., which has 15 percent; and Daniel Porter's CCNG Realty Inc., with 20 percent.

Porter said Wednesday that he remains hopeful something could be worked out with the lender "that will preserve value for all parties."

"The bank maintains an open dialogue," said Porter, Spanish Oaks' original developer.

In a statement, Hillwood said: "As one of the three investors, we are disappointed that Comerica Bank decided to begin foreclosure proceedings against the Spanish Oaks residential development and golf club. However, all parties continue to work hard to negotiate an acceptable resolution of the debt.

"A prolonged slump in the real estate market has taken a toll on many projects, including, unfortunately, this one."

Hillwood said the company remains hopeful that continued negotiations with the bank and golf club members will result in an agreement to transfer control of the golf club to the members.

Porter said that despite the difficulties, the golf course at Spanish Oaks — ranked by Golf Digest as one of the nation's top private golf courses — is well-maintained and "in good shape."

Hillwood and Discovery, the project's managing partner, were brought in as investors in 2005, infusing \$20 million along with CCNG.

Lot sales at Spanish Oaks plummeted in 2008, with just 12 sales, followed by six sales in 2009, averaging \$424,000, Porter said in March.

But Porter's attorney, David Armbrust, sees better times ahead for Spanish Oaks.

"Spanish Oaks has all the fundamentals of a great project over the long term," Armbrust said. "As a result, it will be one of the market leaders as the region recovers and that recovery is happening now."

The plan for Spanish Oaks envisioned a completed project by 2012 with 436 homes — an estimated \$600 million worth of real estate, Porter said in March.

At that time, he said 270 lots had been sold and 125 homes built, with an average price of \$1.5 million.

Spanish Oaks originally was 1,211 acres. Cypress Realty Inc. bought 120 acres and later sold 88 to developers of the nearby Shops at the Galleria.

CCNG owns another 77 acres at Spanish Oaks that allow for mixed-use commercial development.

Other Central Texas properties that ended up in the foreclosure filings during the downturn have included the 468-acre Rocky Creek Ranch off Hamilton Pool Road; Vizcaya, a luxury residential development planned on the Lake Travis' south shore; MDR Hollows, developer of the Hollows resort on the north shore of Lake Travis; and Avaña, a proposed 1,000-acre residential development at Texas 45 and Escarpment Boulevard.

**Courtesy of JB Goodwin**